

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

A

E-01773A
Arizona Electric Power Cooperative, Inc.
P.O. Box 670
Benson AZ 85602-0000

ANNUAL REPORT

FOR YEAR ENDING

12	31	2002
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FOR COMMISSION USE

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*Entered
4-11-03
C.M.
2002
assessment
db updated
C.M.*

*4-11-03
C.M.*

9/8

COMPANY INFORMATION

Company Name (Business Name) Arizona Electric Power Cooperative Inc

Mailing Address P. O. Box 670

Benson (Street)

AZ

85602-0670

(City)

(State)

(Zip)

520-586-3631

520-585-5343

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address 1000 S Hwy 80

Benson

(Street)

AZ

85602-0670

(City)

(State)

(Zip)

same as above

same as above

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: Joe Leingang Controller

(Name)

(Title)

P. O. Box 670

Benson

AZ

85602-0670

(Street)

(City)

(State)

(Zip)

520-586-5385

520-586-5381

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

On Site Manager: _____

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

Statutory Agent: Rusibg and Lopez PLLC

(Name)

6262 N Swan Rd Suite 200

(Street)

Tucson

(City)

AZ

(State)

85718

(Zip)

520-792-4800

Telephone No. (Include Area Code)

520-529-4262

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Same as above

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☒ Association/Co op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☒ STATEWIDE (Wholesale Sales of Electricity)

SERVICES AUTHORIZED TO PROVIDE

Check the following box/s for the services that you are authorized to provide:

☐ **Electric**

- ☐ Investor Owned Electric
- ☒ Rural Electric Cooperative
- ☐ Utility Distribution Company
- ☐ Electric Service Provider
- ☐ Transmission Service Provider
- ☐ Meter Service Provider
- ☐ Meter Reading Service Provider
- ☐ Billing and Collection
- ☐ Ancillary Services
- ☐ Generation Provider
- ☐ Aggregator/Broker

☐ **Telecommunications**

- ☐ Incumbent Local Exchange Carrier
- ☐ Interexchange Carrier
- ☐ Competitive Local Exchange Carrier
- ☐ Reseller
- ☐ Alternative Operator Service Provider

☐ **Gas**

- ☐ Natural Gas
- ☐ Propane

☐ **Other** (Specify) _____

STATISTICAL INFORMATION

TELECOMMUNICATION UTILITIES ONLY

Total residential access lines	_____
Total business access lines	_____
Total revenue from Arizona operations	\$ _____
Total income from Arizona operations	\$ _____
Value of assets used to serve Arizona customers	\$ _____
Accumulated depreciation associated with those assets	\$ _____

STATISTICAL INFORMATION (CONT'D)

ELECTRIC UTILITY PROVIDERS ONLY

Total number of customers	_____
Residential	_____
Commercial	_____
Industrial	_____
Public street and highway lighting	_____
Irrigation	_____
Resale	_____ 35 _____
 Total kilowatt-hours sold	_____ kWh
Residential	_____
Commercial	_____
Industrial	_____
Public street and highway lighting	_____
Irrigation	_____
Resale	_____ 3,347,531,621 _____
 Maximum Peak Load	_____ 688 _____ MW

GAS UTILITIES ONLY

Total number of customers	_____
Residential	_____
Commercial	_____
Industrial	_____
Irrigation	_____
Resale	_____
 Total therms sold	_____ therms
Residential	_____
Commercial	_____
Industrial	_____
Irrigation	_____
Resale	_____

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) Cochise
NAME (OWNER OR OFFICIAL) TITLE Donald Kimball Exec VP & CEO
COMPANY NAME Arizona Electric Power Cooperative

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA COPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 151,071,876

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ _____
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED , ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

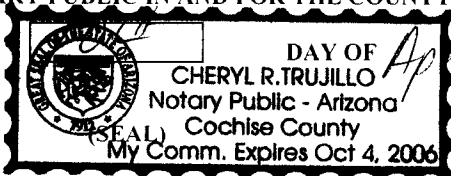

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER _____

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

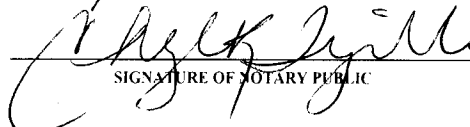
THIS



MY COMMISSION EXPIRES _____

**My Commission Expires
October 4, 2006**

COUNTY NAME Cochise	
MONTH April	2003


SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) Cochise

NAME (OWNER OR OFFICIAL)
Donald Kimball

TITLE
Exec VP & CEO

COMPANY NAME
Arizona Electric Power Cooperative

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 0

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$
IN SALES TAXES BILLED, OR COLLECTED

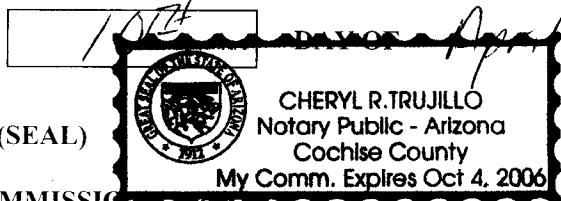
*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

X Donald Kimball
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



MY COMMISSION EXPIRES

My Commission Expires
October 4, 2006

NOTARY PUBLIC NAME Cheryl R. Trujillo	
COUNTY NAME Cochise	
MONTH April	2003

X Cheryl Trujillo
SIGNATURE OF NOTARY PUBLIC

USDA-RUS <h2 style="margin: 0;">OPERATING REPORT - FINANCIAL</h2>	BORROWER DESIGNATION ARIZONA 28 BORROWER NAME AND ADDRESS ARIZONA ELECTRIC POWER COOPERATIVE, INC. P.O. BOX 670 BENSON, ARIZONA 85602	
INSTRUCTIONS - Submit an original and two copies to RUS. Round all amounts to nearest dollar. For detailed instructions, see RUS Bulletin 1717B-3	PERIOD ENDING December 31, 2002	RUS USE ONLY

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT	DATE
SIGNATURE OF MANAGER	DATE

SECTION A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR	THIS YEAR	BUDGET	
	(a)	(b)	(c)	
1. Electric Energy Revenues	204,791,679	143,177,568		10,271,003
2. Income From Leased Property - Net	0	0		0
3. Other Operating Revenue and Income	7,653,439	12,201,048		1,088,490
4. Total Oper. Revenues & Patronage Capital (1 thru 3)	212,445,119	155,378,616		11,359,494
5. Operation Expense - Production - Excluding Fuel	12,278,638	11,705,692		1,221,387
6. Operation Expense - Production - Fuel	75,290,554	56,992,331		4,373,463
7. Operation Expense - Other Power Supply	51,321,491	27,082,944		1,461,585
8. Operation Expense - Transmission	11,406,465	15,949,082		1,311,930
9. Operation Expense - Distribution	0	0		0
10. Operation Expense - Consumer Accounts	88,850	1,777		1,777
11. Operation Expense - Consumer Service & Information	0	0		0
12. Operation Expense - Sales	355,922	11,496		958
13. Operation Expense - Administrative & General	12,215,400	9,924,612		1,227,132
14. Total Operation Expense (5 thru 13)	162,957,320	121,667,934		9,598,232
15. Maintenance Expense - Production	11,504,142	9,869,146		(1,334,632)
16. Maintenance Expense - Transmission	1,160,136	24,153		977
17. Maintenance Expense - Distribution	0	0		0
18. Maintenance Expense - General Plant	909,739	53,825		6,778
19. Total Maintenance Expense (15 thru 18)	13,574,017	9,947,124		(1,326,877)
20. Depreciation & Amortization Expense	11,519,596	7,808,510		722,630
21. Taxes	0	815		(218,097)
22. Interest on Long-Term Debt	16,050,770	12,825,566		1,057,074
23. Interest Charged to Construction - Credit	(221,959)	(335,171)		(2,319)
24. Other Interest Expense	662,789	310,585		20,254
25. Other Deductions	132,260	430,643		103,519
26. Total Cost of Electric Service (14 + 19 thru 25)	204,674,794	152,656,006		9,954,415
27. Operating Margins (4 - 26)	7,770,325	2,722,610		1,405,079
28. Interest Income	1,981,737	681,304		51,189
29. Allowance for Funds Used During Construction	0	0		0
30. Income (Loss) from Equity Investments	0	0		0
31. Other Nonoperating Income - Net	640,041	486,481		46,235
32. Generation & Transmission Capital Credits	0	0		0
33. Other Capital Credits & Patronage Dividends	39,117	8,176		0
34. Extraordinary Items	0	0		0
35. Net Patronage Capital or Margins (27 thru 33)	10,431,220	3,898,570		1,502,503
ITEM	Mills/kWh (Optional Use by Borrower)			
36. Electric Energy Revenue Per kWh Sold	42.77			
37. Total Operation & Maintenance Expense Per kWh Sold	39.32			
38. Total Cost of Electric Service Per kWh Sold	45.60			
39. Purchased Power Cost Per kWh	17.07			

ARIZONA 28

MONTH ENDING

December 31, 2002

OPERATING REPORT - FINANCIAL **ARIZONA ELECTRIC POWER COOPERATIVE, INC.**

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	377,308,895	32. Memberships	330
2. Construction Work in Progress	2,334,254	33. Patronage Capital	
3. Total Utility Plant (1 + 2)	379,643,149	a. Assigned and Assignable	13,904,668
4. Accum. Provision for Depreciation & Amort.	(179,550,284)	b. Retired This Year	0
5. Net Utility Plant (3 - 4)	200,092,866	c. Retired Prior Years	0
6. Non-Utility Property - Net	0	d. Net Patronage Capital	13,904,668
7. Investment in Subsidiary Companies	1,360	34. Operating Margins - Prior Years	0
8. Invest. in Assoc. Org. - Patronage Capital	294,969	35. Operating Margins - Current Year	2,730,785
9. Invest. in Assoc. Org. - Other - General Funds	1,025	36. Non-Operating Margins	1,167,785
10. Invest. in Assoc. Org. - Other - Non-Gen. Funds	8,022,869	37. Other Margins and Equities	0
11. Investments in Economic Development Projects	0	38. Total Margins & Equities (32 + 33d thru 37)	17,803,568
12. Other Investments	348,122	39. Long-Term Debt - REA (Net)	29,362,114
13. Special Funds	2,808,481	(Payments-Unapplied \$	0
14. Total Other Property & Investment (6 thru 13)	11,476,827	40. Long-Term Debt - REA - Econ. Devel.(Net)	0
15. Cash - General Funds	410,548	41. Long-Term Debt - FFB - REA Guaranteed	123,605,087
16. Cash - Construction Funds - Trustee	0	42. Total Long-Term Debt - Other - REA Guaranteed	0
17. Special Deposits	3,995,094	43. Total Long-Term Debt - Other (Net)	57,450,804
18. Temporary Investments	6,976,268	44. Total Long-Term Debt (39 thru 43)	210,418,005
19. Notes Receivable - Net	0	45. Obligations Under Capital Leases - Noncurrent	0
20. Accounts Receivable - Sales of Energy (Net)	17,870,317	46. Accumulated Operating Provisions	311,100
21. Accounts Receivable - Net	259,584	47. Total Other Noncurrent Liabilities (45 + 46)	311,100
22. Fuel Stock	12,593,707	48. Notes Payable	4,978,804
23. Materials and Supplies - Other	5,199,651	49. Accounts Payable	7,752,719
24. Prepayments	1,100,074	50. Taxes Accrued	2,119,162
25. Other Current and Accrued Assets	315,660	51. Interest Accrued	931,190
26. Total Current and Accrued Assets (15 thru 25)	48,720,901	52. Other Current & Accrued Liabilities	9,135,072
27. Unamortized Debt Disc. & Extraord. Prop. Losses	760,531	53. Total Current & Accrued Liabilities (48 thru 52)	24,916,947
28. Regulatory Assets	4,271,349	54. Deferred Credits	13,588,479
29. Other Deferred Debits	1,715,626	55. Accumulated Deferred Income Taxes	0
30. Accumulated Deferred Income Tax	0	56. Total Liabilities and Other Credits	
31. Total Assets & Other Debits (5 + 14 + 26 Thru 30)	267,038,099	(38 + 44 + 47 + 53 thru 55)	267,038,099

SECTION C. NOTES TO FINANCIAL STATEMENTS

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

(IF ADDITIONAL SPACE IS NEEDED, USE SEPERATE SHEET.)

This computer-generated data form is identical in form and substance to RUS Forms 12a - i, "Operating Report - Financial," approved by the Office of Management and Budget (OMB) under the OMB approval number 0572-0017.